

Feedback: News media overlooks successes of Michigan Economic Development Corp.

Missing in all the news media's attention last week about the auditor general's report on 10 Michigan Economic Development Corp. programs is any mention of the audit's overall conclusion: "effective."

Specifically, a story in the Free Press missed the bigger picture: The report gave the MEDC its best rating, with three specific areas to improve for some programs.

Further, a blog post last week, one in which the MEDC was not given a chance to comment, implies that the MEDC mislead the Legislature and overstated job numbers. We did not. We provided accurate information at the time of the report we submitted to the Legislature.

What stoked the overheated news reports were mentions of job creation numbers for programs that were developed to provide assistance for startup businesses. These programs were instituted between 2006 and 2010, under a different administration and a different approach to economic development. The programs focused on some long-shot gambles, betting on which industries might work in Michigan. These programs disbursed hundreds of millions of the state's tobacco settlement money in hopes of commercializing Michigan research into profitable businesses. It didn't always work.

The fiscal year 2012 annual report submitted to the Legislature by the MEDC was accurate based on jobs reported by each company. The auditor general recommended that when material changes happen, subsequent to a company submitting their annual employment numbers, the MEDC should include a footnote in its report to avoid confusion. We agree with the auditor general's recommendation, and will include any changes in future reports.

The blog is misleading when it extrapolates a 19% jobs generation rate (caused by the bankruptcy of one company) to all the programs funded by the Michigan Strategic Fund. It also ignores the fact that the auditor general gave an overall "effective" conclusion to the MEDC's management of the 21st Century Jobs Fund. The MEDC was not cited for the event of the bankruptcy, or for the jobs lost because of it.

MEDC today offers programs to serve a much broader range of Michigan businesses in ways that cost little and yet foster new business growth in the state. Pure Michigan Business Connect helps Michigan companies find new sales opportunities from some of the state's largest corporate procurement offices. Our capital access programs support loans to small businesses regardless of industry. Our talent programs work with Michigan residents to find new jobs and build careers in a changing global market. And the newly launched Community Ventures has already put more than 1,000 structurally unemployed residents in our urban communities back to work. And yes, we confirm compliance with negotiated milestones before disbursing funds, to ensure State of Michigan resources are not wasted.

Is there room for improvement? Yes. Of the areas in the audit that we were cited for — reporting requirements, monitoring and evaluating effectiveness — we take them seriously and have put procedures in place to cure these conditions.

This should not cloud the fact that the audit found our programs effective. Michigan offers a business climate that is far more attractive, based on sound business policies.

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